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CFTC Orders ADM Investor Services, Inc. to Pay a \$425,000 Penalty for Unlawfully Commingling Customer Funds with Funds in Non-Customer Accounts

Washington, DC – The U.S. Commodity Futures Trading Commission (CFTC) today issued an Order filing and simultaneously settling charges against **ADM Investor Services, Inc. (ADMIS)**, a CFTC-registered Futures Commission Merchant (FCM), for unlawfully commingling customer funds with funds held in its non-customer accounts. The CFTC Order requires ADMIS to pay a civil monetary penalty of \$425,000, to cease and desist from violating Section 4d(a)(2) of the Commodity Exchange Act (CEA) and Commission Regulation 1.20(c), and to implement improved procedures, to the extent that it has not already done so, to ensure the proper classification of such accounts.

FCMs are required to segregate funds held on behalf of customers and are not permitted to commingle customer funds with the funds of any other person. As described in the CFTC Order, ADMIS treated the accounts of multiple of its affiliates as customer accounts, notwithstanding that ADMIS's parent corporation, Archer Daniels Midland Company (ADM), had ownership interests in the affiliates ranging from 16% to 100%, and voting interests in each of the affiliates (by virtue of ADM's authority to appoint representatives to the affiliates' governing boards or equivalent governing bodies). Moreover, according to the CFTC Order, ADMIS is a wholly-owned subsidiary of ADM.

The CFTC Order finds that as a result of ADM's ownership and voting interests in ADMIS and the affiliates, ADMIS was prohibited from commingling its customers' funds with funds held in the affiliates' accounts. Further, the Order finds that by combining funds of its commonly controlled affiliates with funds of its customers, ADMIS unlawfully commingled its customers' funds with funds in ADMIS's proprietary accounts, in violation of Section 4d(a)(2) of the CEA and CFTC Regulation 1.20(c). The Order finds that, in July 2011, ADMIS transferred the affiliates' positions and associated funds out of customer segregated accounts.

CFTC Division of Enforcement staff responsible for this matter are Michael C. McLaughlin, R. Stephen Painter, Jr., David W. MacGregor, Lenel Hickson, Jr., Stephen J. Obie, Richard Wagner, Manal M. Sultan, and Vincent A. McGonagle.

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